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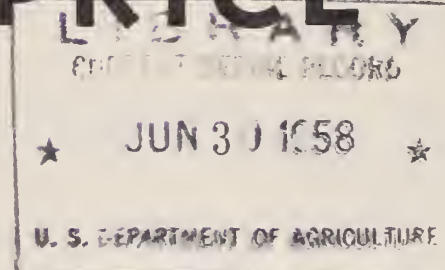
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January 1958
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DEMAND and PRICE SITUATION

DPS-37



Approved by the Outlook and Situation Board, January 17, 1958

SUMMARY

Supplies of farm products continued record large in 1957. But prices received by farmers averaged 3 percent higher. Price advances for livestock, especially for cattle and hogs, accounted for much of the gain, reflecting reduced marketings of hogs and small declines in cattle slaughter. Price advances for dairy products also contributed to the 8 percent increase in average prices received for livestock products from 1956 to 1957.

Crop output equaled the previous record level established in 1956 and 1948 and carryover stocks continued large. As a result, crop prices declined 2 percent from 1956 to 1957. Feed grain supplies for the 1957-58 feeding year are up 10 percent from a year earlier and feed grain prices in December were down 19 percent from a year ago, the lowest level since World War II. Production of cotton was reduced 17 percent in 1957 but prices to growers averaged lower because of the poor quality of much of the crop.

(Continued on page 3)

Published monthly by
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1956		1957			
		Year	Dec.	Sept.	Oct.	Nov.	Dec.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	147	144	141	139	136
All manufactures	do.	144	149	146	142	140	138
Durable goods	do.	159	167	159	154	153	148
Nondurable goods	do.	129	130	132	130	128	127
Minerals	do.	129	130	129	128	123	121
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	46,060	3,904	3,978	4,064	4,043	4,051
Private residential	Mil. dol.	17,632	1,460	1,388	1,414	1,434	1,444
Housing starts <u>3/ 4/</u>	Thousands	1,118	1,020	990	1,000	1,010	970
Construction contracts awarded <u>5/</u>	Mil. dol.		2,057	2,625	2,614		
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	27,711	28,846	28,215	28,064	27,386	
Durable goods	Mil. dol.	13,805	14,526	14,132	13,932	13,505	
Unfilled orders-sales ratio <u>6/</u>		4.42	4.20	3.76	3.63	3.65	
Inventory-sales ratio <u>7/</u>		1.89	1.81	1.92	1.93	1.96	
Durable goods		2.22	2.11	2.25	2.28	2.32	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Millions	65.0	64.6	65.7	66.0	64.9	64.4
Nonagricultural <u>9/</u>	do.	58.4	59.4	59.2	59.2	59.1	59.0
Unemployment <u>9/</u>	do.	2.6	2.5	2.6	2.5	3.2	3.4
Workweek in manufacturing	Hours	40.4	41.0	39.9	39.5	39.3	39.3
Hourly earnings in manufacturing	Dollars	1.98	2.05	2.08	2.09	2.11	2.11
Income and spending:							
Personal income payments <u>2/ 3/</u>	Bil. dol.	326.9	334.8	346.6	345.9	345.4	342.8
Consumer credit outstanding <u>1/</u>	Mil. dol.	42,097	42,097	43,270	43,274	43,530	
Automobile	Mil. dol.	14,459	14,459	15,556	15,579	15,542	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	15,811	16,340	16,919	16,714	16,619	16,677
Durable goods	Mil. dol.	5,484	5,814	5,722	5,612	5,484	5,486
Inventory-sales ratio <u>7/</u>		1.51	1.46	1.44	1.45	1.46	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	114	116	118	118	118	118
Commodities other than farm and food	do.	122	125	126	126	126	126
Farm products	do.	88	89	91	92	92	93
Foods processed	do.	102	103	106	106	106	107
Consumer price index, all items <u>4/</u>	1947-49=100	116	118	121	121	122	
Food	do.	112	113	117	116	116	
Prices received by farmers <u>10/</u>	1910-14=100	235	235	245	240	242	242
Crops	do.	240	237	228	224	224	218
Livestock and products	do.	230	233	259	254	258	264
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	285	290	296	296	298	299
Family living items	do.	278	283	287	286	289	288
Production items	do.	249	252	258	258	260	262
Parity ratio <u>10/</u>		82	81	83	81	81	81
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	120	127	130	167	151	
Cash receipts from farm marketings	Mil. dol.	30,372	2,749	2,847	3,510	3,205	

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data published by the Department of Commerce in the Survey of Current Business, from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, January 17, 1958

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Farmers' realized net income in 1957 was probably slightly below the 12.1 billion dollars in 1956. Marketings of cotton were much smaller in the last half of 1957 than a year earlier because of a smaller crop and delayed harvesting due to unfavorable weather. In addition, the quality of the crop was poor. As a result, cash receipts from cotton in the last half of 1957 totaled about a fourth below a year earlier. Preliminary income estimates for calendar year 1957 will be published March 5 in the Farm Income Situation.

Economic activity continued to ease in the closing months of 1957. Most general economic indicators at year-end were lower than last summer's levels. Some cutback in factory production, and in other industries has reduced employment. Unemployment in December reached the highest level of the year, and was about a third above a year earlier. Consumer incomes declined moderately. However, retail sales in December were above a year earlier and construction outlays reached a new high for the month. The Federal Budget provides for an increase in national security expenditures during the fiscal year which ends June 30, 1959.

Commodity Highlights

Hog marketings through the winter will be above the rather small numbers in early 1957; as a result, prices likely will be lower than in December perhaps until the seasonal rise begins in mid-spring. Cattle prices promise to be as high or higher in 1958 than in 1957, as total marketings of cattle and calves will almost certainly be reduced from a year earlier.

Unless the parity index changes substantially from the November level by mid-March the U. S. average price to farmers for milk after April 1, on an annual basis will be near \$4.00 per 100 pounds. This will be close to the level in 1954 and 1955 compared with about \$4.20 in 1957.

Egg prices in early January declined as production approached the usual spring peak; however, production likely will continue below year earlier levels until mid-year, helping to hold prices above the corresponding levels of 1957.

Flaxseed and linseed oil supplies are likely to continue tight through the rest of the current marketing year as output dropped sharply and stocks are low. Prospects are that prices of both will remain substantially above last year. Linseed oil prices may increase further from current levels.

There was little change in the level of feed grain prices from November through early January. Prices of many feeds were at the lowest levels since World War II.

Total seedings of winter wheat last fall were estimated at 43.9 million acres, one sixth larger than in 1956. With favorable moisture and weather conditions, indications on December 1 were for a 1958 winter wheat crop of 908 million bushels, 28 percent above 1957.

The freeze in Florida during mid-December caused heavy damage to unharvested citrus fruit. As of January 1, the losses appeared to be 22 percent of the oranges, 33 percent of tangerines, and 11 percent of grapefruit production in prospect before the freeze. The extent of any additional damage to fruit from the early January cold has not been determined. Fresh market supplies of oranges will be lighter this winter than last, and prices will be substantially higher.

The production of winter vegetables for fresh market is expected to be at least somewhat smaller than last winter. Severe damage was caused by freezing temperatures and excessive rains in the last month. Prices this winter are likely to continue above year earlier levels.

The average daily rate of domestic mill consumption of cotton in December was about 28,564 bales, the lowest for this month since 1938 when the daily rate was about 26,900 bales.

Output of cigarettes was a record 441 billion in 1957, up 4 percent from 1956. But the amount of tobacco leaf used for cigarette manufacture continued to decline. This was due mainly to a shift to filter tips which use less tobacco per cigarette, to the development of processed sheet, and to greater use of stems.

PROPOSED CHANGES IN THE FARM PROGRAM

In his report to the Congress on January 16, the President proposed that:

1. The Conservation Reserve Program of the Soil Bank be strengthened and the Acreage Reserve Program be terminated after the 1958 crop.
2. Authority be provided to increase acreage allotments for cotton, wheat, rice, peanuts and tobacco up to 50 percent.
3. Acreage allotments for corn be eliminated.
4. The escalator clauses in the basic law which require that price supports be raised as soon as surpluses are reduced be abolished.
5. The overall range within which price supports may be provided for cotton, wheat, corn, rice, peanuts, tobacco and dairy products be 60 to 90 percent of parity.
6. Price supports for cotton be based on the average quality of the crop.
7. The membership of the Commodity Credit Corporation Advisory Board be enlarged and the Board's responsibilities increased.
8. The Agricultural Trade Development and Assistance Act be extended to June 30, 1959 with an additional 1.5 billion dollars authorized for sales for foreign currencies.
9. Research efforts aimed at increasing industrial uses of farm products be expanded.

In addition the President recommended in his Budget Message that: (a) The National Wool Act be extended, (b) special school milk programs be continued, (c) the sources of funds for the Rural Electrification Administration be broadened, (d) State participation in programs to relieve the effects of drought or other natural disasters be required, and (e) certain restrictions be placed on cost-sharing for soil conservation practices.

GENERAL BUSINESS CONDITIONS

Economic activity at year-end continued to show signs of easing from last summer and early fall when most economic indicators were at peak rates. Consumer incomes declined in December. A late Christmas buying rush pushed retail sales above those during Christmas of 1956. Construction outlays in December reached a new high for the month. Employment declined again during December as more than seasonal cut backs in factory production occurred with some further slackening in other industries. Unemployment as a result rose to the highest level since late in 1954. The fiscal 1959 Budget indicates that spending by the Federal Government will increase during the next year and a half.

Consumer incomes declined in December reflecting for the most part smaller than usual dividend payments and a further drop in employment. However, factory wage rates continued at the record November level. Consumer income in December was at an annual rate of 342.8 billion dollars, $2\frac{1}{2}$ billion below November and 4 billion below the peak rate of 346.8 billion dollars in August. The bulk of the decline between November and December was in dividends reflecting less than the usual volume of year-end extra and special payments. Wage and salary payments in December declined 700 million dollars, while the other sources of income were unchanged.

A late Christmas buying rush pushed retail sales above the December 1956 levels. Total retail sales in December, according to advance reports, were 19.7 billion dollars, up 300 million, or $1\frac{1}{2}$ percent above December of last year. Department store sales for the 4 weeks ending December 28 were 5 percent above the comparable period a year before. Durable goods store sales were $5\frac{1}{4}$ percent below a year earlier with sales of the automobile group running 5 percent below. Furniture and appliance stores recovered somewhat from the relatively low November levels but they were still below December 1956. Non-durable goods store sales were up $6\frac{2}{3}$ percent from a year earlier as gains were registered for sales of apparel, food, gasoline, drugs and general merchandise. In December retail sales, seasonally adjusted, were slightly higher than November with some declines in sales of durable goods more than offset by gains in sales of nondurable goods.

Consumer installment credit continued to grow in 1957, but the slackening of demand for consumer durable goods as well as difficulties encountered in securing funds and the rising level of repayments of existing credit tended to slow down the rate of expansion. Consumer installment credit outstanding at the end of November totaled 33.6 billion dollars, up 2.4 billion from a year earlier. The rate of growth for the period of January-November 1957 of 2 billion dollars was slower than in 1956, and less than half the record increase in 1955. Automobile credit and personal loans, up 1.1 billion and .9 billion respectively, from November 1956 have accounted for most of this year's growth.

Construction activity continued to expand during the last half of 1957, in spite of some easing in other sectors during recent months. The value of construction put in place in 1957 reached a new record level of 47.3 billion dollars, up about 3 percent from 1956. Public construction, particularly State and local Government projects for schools, highways, and other facilities, rose 9 percent. Private construction was up slightly, with higher outlays by public utilities and hospitals and other nonprofit institutions offset by smaller amounts for houses and a slackening of growth in industrial and commercial facilities.

In December construction outlays, seasonally adjusted, were slightly above November and 3 percent higher than a year earlier. New housing starts were at an annual rate of 970,000 units, 40,000 below November and 50,000 units below December 1956. Outlays for new nonfarm housing in December were 1 percent below December 1956. Industrial and commercial construction continued to decline slightly while public utility outlays continued to expand. Public construction in December was 8 percent above a year earlier, with continued increases for schools, hospitals, highways, and residential buildings.

Employment declined in December due to general cutbacks in manufacturing, mining, and other industries. Employment in December, at 64.4 million, was 477,000 lower than November and about 150,000 below a year earlier. In the nonagricultural sector employment at 59.0 million was down slightly from November and about 400,000 below a year earlier. Further cutbacks occurred in factory production, and there were scattered layoffs in nonmanufacturing industries and a normal seasonal decline in outdoor activities. Manufacturing employment dropped 200,000 after seasonal adjustment between November and December to 16.3 millions, 800,000 below a year ago. Nonmanufacturing employment totaled 35.6 million, 200,000 above a year ago but down from November. All groups except Government shared in the decline.

Unemployment increased in December to 3.4 million, compared with 2.5 a year earlier as the labor force continued to expand while employment eased. Unemployment after seasonal adjustment was 5.2 percent of the civilian labor force in December compared with 5.1 percent in November and 3.8 percent a year earlier. This is the highest rate of unemployment since November 1954.

Average weekly hours of factory production workers in December remained at the November level of 39.3 hours, down 1 3/4 hours from December 1956. But average hourly earnings reached a new high of \$2.11, up 6 cents in the last year. Weekly earnings were \$82.92, the same as November and \$1.13 below December 1956.

Industrial production, seasonally adjusted, declined further in December to 136 percent of the 1947-49 average, due to cutbacks in most industries. This is 7 1/2 percent lower than the peak rate of 147 in December 1956. The primary metals production index, at 111, down 8 percent from November, reflected the rapid decline in steel mill activity during December. Steel mills produced 7.4 million tons, down 31 percent from the 10.8 million

tons in December 1956. Steel mills were operating at 58.6 percent of capacity for the week ended January 4, 1958 compared with 77 percent in November and 99 percent in December 1956. Output in machinery industries was down 2 percent from November. Output of nondurable goods industries declined 1 point to 127 in December. Rubber and leather products, and textiles and apparel registered declines, while paper and printing, chemicals and petroleum, and the food groups were unchanged.

Output of consumer durable goods in December at 127 (1947-49=100) was down 5 percent from November as both automobiles and other consumer durables slipped. Auto production gained rapidly in November to 154 (1947-49=100) then slipped off to 140, as sales in December declined slightly from November levels, and there were scattered cutbacks in output. However, auto production for 1957 was 6.1 million units, up 5.3 percent from 1956.

Manufacturers' sales which declined generally during 1957, reflected the weakness in durable goods production and cutbacks in the important aircraft industry. Sales of manufacturers, seasonally adjusted, in November were 27.4 billion dollars, down 2.4 percent from October and 3.8 percent from November 1956. Sales declines occurred in all hardgoods industries except transportation equipment; declines in softgoods shipments were centered in chemicals, paper and petroleum. New orders of 26.2 billion dollars in November equaled the previous months total as new contracts were placed with aircraft companies, but other industries registered widespread declines. Unfilled orders at 51.8 billion dollars in November continued to decline and were $11\frac{1}{2}$ billion dollars below a year earlier. The book value of inventories at the end of November, at 53.8 billion dollars, was $1\frac{1}{2}$ billion above a year earlier but down 400 million from the peak level in September.

The Federal Budget for fiscal year 1958-59 reflects the costs of expanded defense and scientific efforts in an age of rapid changes in technology and science. Budget expenditures, estimated at 74 billion dollars in 1958-59, are up a billion from the current fiscal year. Budget receipts are estimated at 74.4 billion dollars, 2 billion dollars above 1957-58. This results in a small surplus of about a half billion dollars. The estimate of receipts in 1958-59 is based upon an early resumption in the expansion in the economy resulting in larger receipts at present tax rates.

In the current fiscal year ending June 30, the expenditures are now estimated at 72.8 billion dollars, some 800 million above the Budget Midyear Review released in October. Receipt estimates of 72.4 are slightly below earlier expectations, leaving a deficit of 400 million dollars for fiscal 1957-58.

The most significant change in the 1958-59 Budget is the billion dollar increase in national security programs to 45.8 billion. Increased emphasis in the Department of Defense on new weapons, particularly missiles, in the Atomic Energy Commission for greater nuclear military ability and the development of peaceful uses of atomic energy were mainly responsible for the increase

during fiscal year 1958-59. Except for the promotion of science education and increases in civilian employees pay, the estimates of expenditures for other than national security purposes are lower in 1958-59 than the current fiscal year.

Expenditures budgeted for agricultural programs in 1958-59 total 4.6 billion dollars, down 300 million from 1957-58 due primarily to anticipated lower costs of Commodity Credit Corporation operations. This cutback is based upon proposed changes in existing legislation "that will permit the Secretary of Agriculture to establish price supports for basic crops consistent with the increased productive capacity of our agriculture." Expenditures for the Soil Bank are scheduled to increase about 50 million dollars to 756 million in 1958-59. Declines planned in the acreage-reserve are more than offset by increases in the conservation-reserve. Other agricultural activities are projected at about the same level as in 1957-58.

Table 1.--Federal budget receipts, expenditures, and surplus, 1955-59
(Fiscal years ending June 30)

Item	1955	1956	1957	Estimated: 1958	Estimated 1959
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Budget receipts: ^{1/}					
Individual income taxes	28.7	32.2	35.6	37.2	38.5
Corporation income taxes	17.9	20.9	21.2	20.4	20.4
Excise taxes	9.1	9.9	9.1	8.9	9.3
Other taxes and miscellaneous receipts	4.7	5.2	5.1	5.9	6.2
Total	60.4	68.1	71.0	72.4	74.4
Budget expenditures:					
Major national security	42.1	41.8	44.4	44.9	45.8
Interest	6.4	6.8	7.3	7.9	7.9
Agriculture and agricultural resources	4.4	4.9	4.6	4.9	4.9
Veterans' services and benefits	4.5	4.8	4.8	5.0	5.0
Labor and welfare	2.6	2.8	3.0	3.4	3.6
All other	4.6	5.4	5.4	6.5	6.8
Total	64.6	66.5	69.4	72.8	73.9
Budget surplus (+) or deficit (-)	-4.2	+1.6	+1.6	-.4	+.5

^{1/} Net of refunds and transfers.

Note: Detail may not add to totals shown because of rounding.
Bureau of the Budget.

Wholesale prices in primary markets in December rose to 118.4 (1947-49=100) up $1\frac{1}{4}$ percent from October and $1\frac{3}{4}$ percent above a year earlier. Farm product prices increased $\frac{3}{4}$ percent to 92.6 due mainly to higher quotations for most fruits, vegetables, and meat animals. The processed foods index also increased $\frac{3}{4}$ percent from November. The prices of industrial products increased fractionally to 126.0 in December equaling the previous peak in August and September.

Urban consumer prices rose nearly $\frac{1}{2}$ percent from October and to 121.6 (1947-49=100) in November, 3.2 percent above November 1956. The increase was due mainly to higher prices for 1958 model automobiles. Most other groups were also higher. Food declined slightly with seasonal declines in prices of pork, fresh fruits and eggs. The November food price index at 116.0 was 2.7 percent above a year ago.

Prices paid by farmers for commodities and services, interest, taxes and wage rates advanced 1 point in the month ended in mid-December to a new high of 299 (1910-14=100). Prices paid for family living items at 288 were down a point from the record November level. Food prices rose during the month led by vegetables, apples and oranges, with most of the gain offset by lower prices for coffee and pork products. Building material prices also climbed in December. Lower prices were reported for clothing and household furnishings during the month. Prices paid for farm production items at 262 were up 2 points from November, and 4 percent from a year earlier. Higher prices for motor vehicles and for feeder and replacement livestock, up 6 percent from November and 36 percent from a year earlier, were mainly responsible for the continued advance. On January 1, farm wage rates were less than 1 percent higher than on October 1.

Prices received by farmers were unchanged at 242 (1910-14=100) for the month ended in mid-December, 3 percent above a year earlier and the highest for December since 1953. Livestock and product prices continued to advance during December spurred by smaller marketings and higher prices of meat animals. Dairy product prices were unchanged while poultry and eggs declined slightly from the preceding month. Crop prices declined to 218, $2\frac{1}{2}$ percent below November. Declines occurred for cotton due to the lower quality of the crop. Fruit prices declined 4 percent due principally to lower prices for oranges and lemons. The freeze in Florida lowered quality of the fruit and increased the supplies diverted to processing, resulting in substantially lower prices in mid-December. Sweetpotato prices rose sharply in the month ended in mid-December.

AGRICULTURAL EXPORTS AND FOREIGN AID

The President's Budget Message requests substantial additional authority for economic aid and Public Law 480. This implies that government financing will remain an important factor in agricultural exports and conversely that agricultural commodities will remain a large component of our foreign aid programs.

Approximately one-half of the net economic aid extended to foreign countries by the United States in 1956-57 consisted of grants and donations of agricultural commodities; dollar loans to finance exports of farm products; and loans and grants of foreign currencies derived from the sale of agricultural commodities.

Table 2.--U. S. Economic Aid, year ending June 30, 1957

Item	: Grants :		
	: and Do-: Credits: Total		
	: nations: :		
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Mil. dol.</u>
Grants and loans of foreign currency proceeds from:			
sale of agricultural commodities:			
Mutual Security Act	311	34	345
Title I, PL 480	8	88	96
Famine and other emergency relief grants (PL 480, Title II)	81	---	81
Donation of agricultural commodities through private welfare agencies and the UN Children's Fund (PL 480, Title III)	162	---	162
Mutual Security dollar grants for agricultural commodities (estimated)	10	---	10
Export-Import Bank loan disbursements for agricultural commodities	---	69	69
Total above	572	191	763
Gross "economic" grants and new credits	1,782	431	2,362
Net "economic" grants and credits <u>1/</u>	1,717	-209	1,508

1/ After deducting reverse grants and returns and principal collections on previous loans.

U. S. Department of Commerce, Office of Business Economics.

This proportion will remain high during the 1958 and 1959 fiscal years as a result of disbursement of funds already authorized and those requested in the President's Budget.

The President's message reemphasized the need for "nonmilitary" foreign aid in view of the emerging Soviet economic offensive. The more rapid economic development of foreign countries was deemed necessary to meet the objectives of (1) raising their living standards, (2) a high level of international trade and (3) the mutual security of the free world.

Foreign economic development requires dollar and nondollar assistance, to meet both the foreign exchange and domestic costs of the projects. Furthermore, in the process of development countries with large and rapidly growing

populations need substantial imports of food and other farm commodities as well as capital goods. The President's budget recommendations therefore include requests for authority to incur new obligations totalling 5.6 billion dollars. This includes (1) 1.5 billion dollars to finance agricultural exports under the foreign currency sales program of PL 480. This would raise total authority under Title I to 5.5 billion dollars and extend PL 480 to June 30, 1959. Title I sales for foreign currencies reduce dollar expenditures of the buying country, and to the extent that the proceeds are loaned back they help meet local costs of development projects. (2) 865 million dollars for defense support. This is economic aid to countries who are maintaining collective defense forces beyond their economic means. Portions of defense support in the past have consisted of agricultural commodities. (3) 165 million dollars for technical assistance. (4) 200 million dollars for a contingency fund for mutual security and other special assistance and 286 million for economic aid to countries not participating in our military aid programs and to meet our contribution to international organizations. Substantial portions of this type of aid have consisted of farm commodities. (5) 625 million dollars for the Development Loan Fund to finance projects for which funds are not available from other U. S. or international lending organizations. (6) Two billion dollars to expand the lending authority of the Export-Import Bank. Bank loans have been important primarily for cotton. In addition general loans, such as those to the United Kingdom, have helped countries maintain their imports from the U. S. of both agricultural and other commodities.

Altogether additional economic aid and PL 480 authorizations requested for expenditure during 1958-59 and subsequent years total 5.6 billion dollars.

LIVESTOCK AND MEAT

The huge feed crops of 1957 are stimulating livestock production in two ways: by heavy feeding of hogs and cattle this winter; and by an increased farrowing of 1958 spring pigs. With cattle production on a cyclical decline, however, total livestock slaughter and meat output in 1958 will show at most only a small gain over 1957.

Hog marketings slowed when corn was harvested wet in the fall of 1957. The resulting price strength brought general withholding for extra feeding. November 1957 hog slaughter was sharply below a year before, and December was a little below. As a result of this, together with increased numbers of June-July 1957 pigs received on markets (farrowings in those months were up), marketings of hogs through winter will likely be above the rather small marketings of a year ago. Prices are likely to be lower than in December and may remain lower until a seasonal advance begins in mid-spring. Spring and summer prices will probably be close to those of a year earlier. Market supplies of hogs at that time will be little different from 1957, as the 2 percent increase in the 1957 fall pig crop was confined to the first two months. On January 1, 3 percent fewer cattle were on feed than a year before.

However, more cattle than last year will remain on feed through the winter. Largest marketings of well-finished fed cattle will come in the spring. Initial strength in fed cattle prices in 1958 will likely be followed by a seasonal spring decline.

For hogs and fed cattle, long feeding will result in marketing of many stock at heavy weight. Fed lambs also will likely be marketed heavy. There is serious danger that wide discounts for overweight will be incurred.

Hog producers plan a 6 percent increase over 1957 in 1958 spring farrowings. At an average size of litter adjusted for trend, the pig crop also would be up 6 percent. However, the crop would be 3 percent below the recent 1955 high. It also would be smaller relative to population than in all but three postwar years. With cyclical decrease in beef output lending some strength, no severe decline in prices of hogs in the fall of 1958 is expected. Prices nevertheless will be appreciably less than this past fall.

Sharply reduced slaughter of lambs in the fall of 1957 made an increased supply of lambs available for breeding and slaughter in 1958. Sheep and lamb slaughter in the first half of 1958 will likely exceed a year earlier at times though averaging less, and seasonal price gains may be modest.

Except for possible price discounts for overweight fed cattle this spring, the 1958 level of cattle prices promises to be as high or higher than in 1957. Total marketings of cattle and calves for slaughter will almost certainly be reduced, inasmuch as withholding of both cows and calves has begun. Since last August slaughter of both classes has been appreciably below a year before. While this will not reverse the cyclical downturn in cattle numbers immediately, it is a first step necessary to a reversal later.

Retail supplies of meat per person in the first half of 1958 will probably not be much different from a year before. An increased supply of pork is in prospect for late winter. The higher grades of beef will likely be more plentiful in the second 3 months.

DAIRY PRODUCTS

Prices for dairy products are not likely to rise above support levels through March 31, the end of the current dairy marketing year, since milk production is increasing seasonally. Prices of most manufactured dairy products were at equivalent support levels throughout 1957. The main exception was butter, which rose above supports for a shorter period than in the closing months of 1956.

The 7 percent reduction in the support level for manufacturing milk and the 5 percent reduction for butterfat announced by the Secretary of Agriculture on December 18, 1957, based on the then current parity index, is equivalent to 23 cents less per 100 pounds of manufacturing milk and 3 cents less per

pound of butterfat than actual support prices in 1957-58. In some fluid milk markets the price paid by dealers for milk most likely will be reduced the equivalent support level for manufacturing milk. In other markets, however, the change will be smaller, and Class I prices in some markets may be unaffected. All manufacturing milk prices probably will be affected. Unless the parity index changes substantially from the November level by mid-March, the U. S. average price to farmers after April 1 for all milk sold will decline between 15 and 18 cents per 100 pounds from the 1957 level to near the \$4.00 per 100 pound level, annual basis, that prevailed in 1954 and 1955. Milk-feed price relationships probably will continue above average through 1958.

The reduction in support prices based on the mid-November parity index is equivalent to about 2.5 cents per pound each for butter and cheese at retail, and comparable reductions for other manufactured dairy products, assuming no change in gross processing and marketing margins. Such reductions will tend to stimulate some increase in consumption. But with large feed supplies and prospects for some further increase in milk production, the supply of milk products in all likelihood will continue in excess of commercial outlets through 1958. In 1957 the equivalent of 5.9 billion pounds of milk was purchased under the dairy price support program.

The number of milk cows on farms continued a small decline during 1957, the net effect of fewer but larger milking herds. Production per cow, however, continued at a record level throughout the year. Total production was 127 billion pounds compared with the previous record of 125.7 billion in 1956.

POULTRY AND EGGS

Egg prices in early January were below mid-December levels. Mid-month prices received by farmers averaged 44.4 cents in December compared with 45.3 cents in mid-November, the 1957 high, and 37.1 cents in mid-December 1956.

Although egg prices are now declining as output nears its usual spring peak, monthly egg production in December was 5 percent below a year earlier. Production will continue below year-ago levels until about mid-year, helping to hold egg prices above corresponding monthly prices in 1957.

The U. S. average farm price for broilers in mid-December was 16.3 cents per pound, the lowest mid-month average price since 1940. The mid-December price was 0.8 cents below the mid-November price, and 0.3 cents lower than a year ago. Prices in most commercial broiler areas at the beginning of January advanced from mid-December levels, perhaps reflecting a shift in interest to broilers with the completion of the holiday demand for turkeys. Marketings by late February are expected to be slightly above current levels and about 10 percent above marketings in the corresponding period last year.

The mid-December U. S. average price to farmers for turkeys of 24.8 cents was 1.2 cents higher than the previous month, but 3.0 cents below year-ago levels. Prices throughout 1957 have averaged about 4 cents below 1956. Farmers' January 1 intentions were to raise about the same total number of turkeys as the 80.6 million of 1957, but 3 percent more heavy-breed turkeys than last year's 67 million, and 11 percent fewer light-breed turkeys than last year's crop of 13 million for that class of birds.

OILSEEDS, FATS AND OILS

Soybean prices have averaged near the support loan level so far this marketing year in spite of strong domestic and export demand. Supplies of beans are record large. Crushings in October-December 1957 are estimated at around 86 million bushels, far above any comparable period. Based in part on inspection data, exports of soybeans from October through January 10, 1958 are placed at over 43 million bushels, about 4 million more than the previous peak achieved in 1956. Crushings and exports of soybeans for the entire 1957-58 marketing year probably will total about 325 million and 90 million bushels, respectively. Based on these estimates for crushing and exports, the carry-over of 1957 crop soybeans on October 1, 1958 would be around 45 million bushels, approximately 35 million above a year earlier and slightly less than 10 percent of the crop. A substantial portion of the soybean carryover is likely to be in the hands of CCC. Farmers can take out loans and purchase agreements through January 1958. They can redeem their loans any time up to May 31, 1958.

Cottonseed oil prices this fall and winter have moved upward and in early January 1958 were near a year-earlier level -- reflecting reduced supplies, a relatively strong domestic demand and a continuing strong demand from Northern Europe for cottonseed oil. Soybean oil prices have been quite stable at a relatively low level, averaging about 15 percent below October-December 1956. Because of large supplies of soybeans and soybean oil, prices of soybean oil through this winter and early spring are likely to continue lower than last year.

The flaxseed and linseed oil situation is likely to continue tight through the rest of the current marketing year as output has dropped sharply and stocks are low. Any expansion in production in the early producing flax areas -- particularly California where harvest usually begins in May -- would tend to ease the tight situation at that time. Flaxseed prices have increased considerably since the beginning of the marketing year, rising from moderately under support to somewhat above. This reflected the cut in stocks and unfavorable crop conditions. Linseed oil prices have shown a similar price pattern, rising from 12.7 cents per pound (raw, tank cars, Minneapolis) in July 1957 to 15.1 cents in mid-January 1958. Prospects are that prices of flaxseed and linseed oil will remain substantially above last year. Linseed oil prices may increase further from current levels as supplies become scarce.

The 1957 peanut crop has provided more peanuts than required for food and farm uses, and substantial quantities are available for crushing, export and carryover stocks. Heavy rains in nearly all producing areas and severe freezes in the Virginia-Carolina area has resulted in a significant quantity of high damage peanuts. CCC announced on January 7, 1958 that a change in 1957 crop peanut price support program makes peanuts showing damage above 7 percent eligible for loan. Prices to farmers during the current marketing season are averaging near the support program loan value, which is slightly lower than a year earlier. Through mid-December 1957, about 160 million pounds, 10 percent of the crop, were placed under support. The reported use of edible grades of peanuts this season is running about 8 percent above last year.

FEED

There was little change in the general level of feed prices from November through early January. Prices of many feeds remained at about the lowest levels since World War II. In December, prices received by farmers for corn averaged 99 cents per bushel, 23 cents lower than a year earlier and substantially below the national average support of \$1.40 per bushel to farmers complying with their acreage allotments. It is estimated that only about 14 percent of the total corn produced in the commercial area is eligible for the \$1.40 support rate, which has been a factor contributing to lower corn prices this fall and winter. The record 1957 production of feed grains and the high moisture content of this year's corn and sorghum grain crops also have tended to hold feed prices down.

Prices of each of the 4 feed grains were lower in December than a year earlier, with the index of prices received by farmers down 19 percent. Although sorghum grain prices have increased seasonally since November, the big sorghum supply has kept prices generally below levels for other feed grains. Wholesale prices of high protein feeds averaged about 6 percent lower this December than last, while the index of prices paid for all feeds purchased was down 8 percent.

Through December 15, farmers had placed 14 million bushels of corn under Government price supports, only one sixth as much as the 79 million for the same period of 1956, reflecting the lateness of the 1957 crop and the small percentage available for the \$1.40 support. On the other hand the 95 million bushels of barley, 89 million bushels of sorghum grain, and the 39 million bushels of oats placed under price support through December 15 were much larger than in the same period a year earlier.

The 1957-58 total supply of feed grains and other concentrates is estimated at 218 million tons, 9 percent above last year's record. The 1957 crop of feed grains, totaling 142 million tons, is 12 million tons larger than in 1956 and 7 million tons above the previous record production of 1948. Supplies of each of the 4 feed grains are larger than last year, with corn, barley and sorghum grains setting new records. The corn supply is up 4 percent from last year, and the oats supply is 3 percent larger; barley increased 14 percent,

and sorghum grains more than doubled. Disappearance of feed grains in 1957-58 is expected to be heavier than in other recent years. The carryover into 1958-59, however, is expected to increase by around 10 to 12 million tons over the 49 million tons carried over into 1957-58.

WHEAT

Cash wheat prices are generally around 5 cents below the highs for the season to date. The average price received by farmers in mid-December was \$1.94, 1 cent above a month earlier but 13 cents below a year earlier. Since mid-December prices advanced at St. Louis and declined slightly at Kansas City, Portland and Minneapolis. The \$2.00 average support rate to growers this year is the same as last year. Exports in 1957-58, estimated at about 400 million bushels, are sharply below the 550 million bushels in 1956-57. In July-December 1957, they totaled about 196 million bushels compared with 248 million in the same period a year earlier.

Through December 15, farmers had put 185 million bushels of the 947 million-bushel 1957 wheat crop under price support, compared with 225 million bushels from the 1,004 million-bushel 1956 crop in the same period a year earlier. Withdrawals by producers of 1957-crop wheat from support amounted to 6.1 million bushels through December 15, compared with 36.2 million on the same date a year earlier. Through December 15, 1957, farmers had also extended farm-stored loans on 10.9 million bushels of 1956-crop wheat and 2.6 million bushels of 1955-crop wheat.

Wheat supplies in 1957-58 are now placed at 1,864 million bushels, consisting of a carryover July 1, 1957 of 909 million, a crop of 947 million and imports of about 8 million, mostly of feeding quality wheat. Domestic disappearance is estimated at 594 million bushels. With exports expected to total about 400 million bushels, the carryover July 1, 1958 is expected to be about 870 million bushels, compared with the 909 million a year earlier and 1,036 million, the peak reached July 1, 1954.

Total seedings of winter wheat for all purposes this last fall were estimated at 43.9 million acres, a sixth larger than the previous year but about a fifth less than the 1946-55 average. December 1 conditions indicate a 1958 winter wheat crop of 906 million bushels. This would be the fourth largest winter wheat crop of record, 28 percent more than the 1957 crop and 5 percent above average.

The crop seeded in the fall of 1957 is the fifth consecutive winter wheat crop planted under acreage allotment and marketing quotas and the second wheat crop planted with knowledge of the provisions of the Soil Bank Acreage Reserve Program. Participation of winter wheat in the Acreage Reserve Program was sharply below the previous year, and wheat seedings in the fall of 1957 returned to near the pre-Soil Bank levels. Farmers committed a total of 3.9 million acres to the Reserve Program. Kansas, Oklahoma, Texas, Colorado and New Mexico reported 2.4 million acres for 1958 compared with 8.3 million acres in 1957.

Practically the entire winter wheat producing area experienced favorable moisture and weather conditions that enhanced seeding operations, produced good stands and generally got the crop off to an excellent start.

FRUIT

Supplies of fresh apples remaining to be marketed after January 1, 1958 were much larger than a year earlier, but those of fresh pears were somewhat smaller. Those of fresh citrus were much smaller, mainly the result of freeze damage to the Florida crop in December. Supplies of frozen orange concentrate also may be lighter but those of most canned single-strength citrus juices probably will be heavier.

With fresh market shipments of Florida citrus restricted following the freeze in December, prices on the principal auctions increased sharply to levels considerably higher than a year earlier. Shipments were resumed on December 30 and auction prices in early January also averaged above corresponding prices a year ago.

Although weekly shipments of California oranges since mid-December have fluctuated around those of a year earlier, auction prices for these oranges also increased sharply to levels considerably above those of corresponding weeks last season. Much of this increase probably was due to the reduced supplies from Florida.

With the prospect for lighter fresh market shipments of oranges this winter than last, auction prices probably will continue higher this winter than last. Auction prices for grapefruit also are likely to average higher than last winter.

The freeze of December 12 and 13 in Florida caused heavy loss of unharvested tangerines, Temple oranges, other oranges, and grapefruit despite extensive salvage operations by processors, especially on oranges. These were processed mostly into canned single-strength juice, although some were made into frozen concentrate. Yield of juice per box appears to have been reduced by the freeze. The full extent of the loss caused by the freeze will not be known until later in the season, but it appeared as of January 1 that losses of Florida fruit to be harvested would be about as follows: Oranges, 22 million boxes; tangerines, 1.5 million boxes; and grapefruit, 4 million boxes. These losses as percentages of the Florida crops in prospect December 1 were 22, 33, and 11 percent respectively. In addition, there was widespread cell damage and consequent reduction in quality on fruit for later harvest. Wood and foliage were seriously damaged by the December 12-13 freeze, particularly on young trees. The extent of any additional damage to fruit from the early January cold has not been determined.

Stocks of apples in cold storage on January 1, 1958 were much larger than a year earlier, and those of pears were somewhat smaller than a year earlier, according to the Cold Storage Report of the U.S.D.A. prices for leading varieties of apples at important shipping points fluctuated somewhat

during December and early January at levels generally considerably under corresponding prices in 1956. Auction prices for D'Anjou pears, the principal variety remaining to be marketed after January 1 tended to increase during December. In early January they averaged a little under a year earlier.

Total stocks of frozen fruits and berries (excluding juices) in cold storage on January 1, 1958 were about 10 percent larger than a year earlier. A decrease in the stocks of strawberries and several additional items were more than offset by increases in cherries, raspberries, and a few other items. Stocks of frozen orange juice, mostly concentrate, were down 3 percent.

COMMERCIAL VEGETABLES

For Fresh Market

Winter vegetables in Florida were severely damaged by low temperatures on December 12 and 13 and a succession of rainstorms on December 23 to January 3. Low temperatures January 9-10 also caused scattered damage. Shipments of many tender vegetables have been cut materially, and prices advanced sharply. Texas winter vegetables were also damaged by low temperatures and excessive rains. However, production of some of the hardier vegetables such as cabbage and celery, and output of lettuce, largely from the West, is expected to be larger than last winter. Production of beets, escarole, and shallots may also be larger than a year earlier. Nevertheless, total production of winter vegetables for fresh market is expected to be at least moderately smaller than either last winter or the 1949-56 average. Largest cutbacks in production compared with last winter are in prospect for snap beans, carrots, cauliflower, sweet corn, green peppers and tomatoes. Smaller crops also are reported for broccoli, brussel sprouts, cucumbers and eggplant. Present prospects point to larger imports from Mexico and Cuba to supplement domestic winter production, particularly of tomatoes and cucumbers. But total supplies available for fresh market promise to be somewhat smaller than those of a year ago.

Consumer demand for vegetables is expected to continue strong. With smaller supplies of several vegetables in prospect, prices received by growers this winter are likely to continue above those of a year earlier.

For Commercial Processing

Supplies of canned vegetables available for distribution into mid-1958 are fully ample but appear to be a little smaller than the heavy supplies available in the corresponding months of last year. Among the more important items, supplies of tomatoes, tomato juice and most tomato products appear to

be down moderately to substantially from a year ago. But snap beans, corn and peas are in near record supply. Frozen vegetables are in record supply, with January 1 stocks of 884 million pounds compared with 858 million a year earlier. Substantial increase in asparagus, sweet corn, mixed vegetables, mixed carrots and peas, french fried potatoes, and spinach more than offset material decreases in broccoli and cauliflower, and slight to moderate decreases in Brussels sprouts, snap beans, and "other" vegetables.

The demand for processed vegetables is expected to continue strong, with demand in the next few weeks, particularly for frozen items, benefiting from the curtailment in fresh market supplies. Prices of both canned and frozen vegetables are expected to average a little higher this winter than last.

POTATOES AND SWEETPOTATOES

Supplies of potatoes this winter are expected to be somewhat smaller than the burdensome supply of a year earlier. On January 1 stocks of potatoes from the 1957 fall crop amounted to 88.7 million hundredweight, 11.5 million less than a year ago. Also, production of potatoes for winter harvest is estimated at 5.7 million hundredweight, about 1.1 million less than last winter.

While diversions of fall crop potatoes under the USDA diversion program, to starch, flour and feed, have been running a little ahead of those of a year earlier, diversions of a grade and size eligible for supplementary payments (U. S. No. 2 or better) have been considerably less. Through January 11, a total of 6.7 million hundredweight had been moved under the diversion program, about 350,000 hundredweight more than a year earlier.

With somewhat smaller supplies of potatoes available this winter than last, prices both at the farm and at retail are expected to average materially above the low levels of a year earlier.

Indications are that the supply of good quality sweetpotatoes in storage is relatively light. Prices received by farmers in mid-December averaged \$5.07 per hundredweight, about 75 cents above that of mid-December 1956. With continued light supplies in prospect, prices are expected to show some further advance into the spring and are likely to remain above year earlier levels.

DRY BEANS AND PEAS

Both dry beans and dry peas are in smaller supply than a year ago. Nevertheless, overall supplies of dry beans appear ample to satisfy anticipated domestic and export demand with pintos in burdensome supply. Dry peas are in surplus supply. With smaller supplies of dry edible beans available and the same national support rate, overall prices received by farmers this winter are expected to average moderately to substantially above those of a year earlier. The heavy supplies of dry peas are expected to continue to weigh on the market, and prices through the winter are likely to continue at relatively low levels.

COTTON

The average daily rate of domestic mill consumption of cotton in December was 28,564 bales, lowest for December since 1938 when 26,900 bales were consumed daily. The December 1957 daily rate was 9 percent below a year earlier and 13 percent below a month earlier. The normal seasonal decline from November is about 9 percent.

Mill inventories of cloth in relation to unfilled orders continued high. The stock-unfilled order ratio has been above the average for the postwar period and above a year earlier since June 1956. Despite higher average cotton prices since October, fabric prices have remained relatively low and even have declined, reflecting the inventory imbalance at the mill.

About 526,000 running bales of cotton were exported from the United States in November 1957, compared with about 484,000 bales a month earlier and about 537,000 bales in November 1956. For the period August 1 through November 1957 exports of cotton totaled about 1.7 million running bales. The total for the same months in 1956 was about 2.1 million bales.

Sales by the CCC for export during the current marketing year totaled about 4.4 million bales as of December 24, 1957. About 675,000 bales of this total were sold in December. This is greater than the June-November 1957 sales total and reflects the addition of 1956 crop upland cotton owned by CCC to the sales catalog. The 1956 crop cotton is being made available for sales for unrestricted use and for sales for export on a staggered basis, with about a quarter of the stocks being added to the catalog after each pair of sales. The December total covers 2 such sales under the export sales program. As of January 6, CCC sales of 1956 crop upland cotton for unrestricted use totaled about 1.5 million bales. This covers the third such sale for this use.

As of December 13, about 9.2 million bales of the 1957 crop, or about 84 percent, had been ginned. This is the smallest percentage of the crop ginned to this date since the 82 percent figure for the 1920 crop. A year earlier 97 percent of the crop had been ginned and the previous postwar low was 90 percent in 1951.

Prices of cotton have moved in a relatively narrow range in recent weeks after a rather steady increase that began toward the end of September. The average price for Middling 1-inch cotton in the 14 spot markets on January 16 was 34.85 cents per pound compared with 34.91 cents per pound a month earlier and an average for December of 34.89 cents.

WOOL

At mid-January, prices of most wools in foreign markets were about the same as a month earlier. But they were from 15 to 40 cents per pound, clean basis, lower than a year earlier and from 35 to 50 cents lower than the peak levels of last May.

The monthly average of prices received by domestic growers for shorn wool has declined each month since last June, when it was at the peak of an advance which had extended over a year and a half. The December average, 46.4 cents per pound, grease basis, was 10 cents lower than that for June. December was the first month of the 1957-58 domestic marketing season for which the average was below a year earlier. During the first 9 months of the season, the monthly averages ranged from 14 cents above to 1.2 cents below a year earlier.

During January-November domestic woolen and worsted mills used apparel wool at an average weekly rate about 17 percent below a year earlier. The November rate was down 31 percent from November 1956. Use of other fibers in worsted combing and in woolen spinning of yarn other than carpet during January-November was down only 2 percent, with use of manmade fiber up 16 percent and use of reused and reprocessed wool and other fiber down 9 percent.

The rate of mill use of carpet wool during the first 11 months of last year was down 9 percent from the like period in 1956. The November rate was 12 percent below a year earlier. Use of other fiber in the spinning of carpet and rug yarn by woolen mills during January-November was down 1 percent, with use of manmade fiber down 4 percent and use of reused and reprocessed wool and other fiber up 5 percent.

Imports of dutiable wool for consumption during January-October were about 24 percent lower than in 1956. Imports of duty-free wool were down about 15 percent.

TOBACCO

Marketings of the 1957 burley crop are about completed. Prices at auctions for the season through mid-January averaged 60.2 cents per pound compared with the record $63\frac{1}{2}$ cents of last season. Price spreads among grades have greatly narrowed in the last two years, although spreads this season are somewhat greater than for the 1956 crop.

Burley supplies for the current marketing year at 1,789 million pounds are slightly lower than for 1956-57. This supply is about $3\frac{1}{2}$ times probable disappearance; a more normal ratio is about $2\frac{3}{4}$.

At auctions for the dark air-cured types 35 and 36, prices averaged 37.0 and 34.3 cents through mid-January compared with 35.5 and 29.9 cents in the comparable period of last season. The auction average for Virginia sun-cured (type 37) through mid-January was 34.8 cents per pound compared with 36.1 cents a year ago.

Auction prices for Virginia fire-cured (type 21) averaged 39.4 cents per pound for season's sales through mid-January--a little lower than in the comparable period of last season. The auctions for Kentucky-Tennessee fire-cured types opened January 8 and 9. For sales during the first week, prices averaged 37.3 (type 22) and 36.2 (type 23) compared with 37.8 and 33.2 cents per pound in the corresponding period of last season.

In the Wisconsin cigar tobacco area early season prices for straight stripped and crop lots averaged 15 to 20 percent above last season, but prices for binders in the Northern area were slightly less than a year earlier.

The output of cigarettes in calendar 1957 probably totaled about 441 billion--4 percent above 1956 and a record high. Despite the record manufacture, the quantity of farm sales-weight tobacco utilized continued to trend downward. Major factors contributing to the drop in total leaf use have been the sharp shift to filter tip cigarettes which take less tobacco per unit of output, development of processed sheet, and greater use of stem.

The 1957 consumption of cigars and cigarillos is estimated at 6.2 billion-- a little above 1956. The use of manufactured binder is steadily displacing natural leaf binder in cigar manufacture.

The 1957 output of smoking tobacco for pipes and "roll-your-own" cigarettes is estimated at 71 million pounds--about 1 percent less than in 1956. However, the decline in smoking tobacco halted during the last half of 1957 and production began to run ahead of the comparable period of a year earlier.

The 1957 outputs of chewing tobacco and snuff are estimated at 73 million and 36 million pounds--both down about 4 percent from 1956. Consumption of chewing tobacco has been trending downward for many years, but a significant downturn in snuff has come only in the past 2 years.

On January 10 the Department announced the 1958 Maryland tobacco acreage allotment at virtually the same levels as in 1957.

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